



Memorandum

Date: May 23, 2006

To: Rich Studley, Michigan Chamber of Commerce

From: Scott D. Watkins, Consultant
Patrick L. Anderson, Principal

Re: Analysis of Proposed House Bills 4575 & 5709; "Sinking Fund" expansion; Tax Limits under "Proposal A"

Cc:

I. Summary

There are currently two bills (4575 & 5709) in the House that would greatly expand the allowable uses of "sinking funds" by school districts. We evaluated very similar bills in the past, including HB 4824 from 2001. In this memo, we provide a brief summary of bills 4575 and 5709. We also revisit our June 2002 report which includes the fiscal implications of expanding the allowable uses of sinking funds, and illustrates the rapid increase in property taxes for school infrastructure projects that occurred after Proposal A.

II. Property Taxes for School Capital Projects Since Proposal A

Figure 1 in our 2002 report showed that, from 1994 to 2000, property taxes for school capital projects (includes sinking fund, bond, and capital millege revenue) increased by just over 117%, despite low enrollment growth and price inflation. This explosion has continued. By 2004, the most recent year for which data is available, total growth in property tax revenue for school capital projects since Proposal A (1994) reached a staggering 217%.

This is shown in the attached graph titled "Michigan Public K-12 Schools, Enrollment, Price Inflation, and Property Tax Revenue since Proposal A."

III. \$5.4 Billion Estimated Property Tax Increase

In our 2002 report we simulated the effects of increased school sinking fund tax authority over a ten-year period, under 3 scenarios. Our findings, are summarized in the below table. Note that this has not been updated to account for the increase in property values that has

occurred since 2002, so the likely property tax increase in 2006 and thereafter can be expected to be even larger.

	Cumulative Property Tax Increase (billions)	Residential Burden	Non-Residential Burden
Scenario One, 2.5 mill avg increase	\$5.43	\$3.37	\$2.06
Scenario Two, 1.5 mill avg increase	\$3.26	\$2.02	\$1.24
Scenario Three, 3.5 mill avg increase	\$7.60	\$4.71	\$2.89

Source: Anderson Economic Group LLC

Scenario one assumes an average statewide increase of 2.5 mills on both real and personal property taking place over the ten years following passage of the bill. This is equivalent to half of the school districts levying the 5-mill tax by the end of the ten-year period. This closely reflects the trend that occurred from the time at which the allowable debt millage purchase was liberalized (1994) through 2000. Over these 6 years the statewide average millage for debt, sinking fund, and building & site taxes increased .25 mills a year.

Scenario two and three assume different total mills, but remain consistent in assuming that the average millage increases 1/10 of the total change each year for ten years.

IV. Summary of House Bill 4575

House Bill 4575, as introduced on March 24, 2005, appears identical to HB 4824 from 2001. If passed, the legislation will greatly increase the scope of projects that school districts could fund with sinking funds. Although "sinking funds" were originally intended only to pay for capital expenses, the bill would allow "sinking fund" taxes to fund:

- Purchasing, erecting, completing, remodeling, or equipping or re-equipping school buildings, including library buildings, structures, athletic fields, playgrounds, or other facilities, or parts of or additions to those facilities.
- Furnishing or refurbishing new or remodeled school buildings.
- Acquiring, preparing, developing, or improving sites, or parts of or additions to sites, for school buildings, including library buildings, structures, athletic fields, playgrounds, or other facilities.
- Purchasing school buses.
- Acquiring, installing, or equipping or re-equipping school buildings for technology.
- Refunding all or part of existing bonded indebtedness if the net present value of the principal and interest to be paid on the refunding bonds, excluding the cost of issuance, will be less than the net present value of the principal and interest to be paid on the bonds being refunded, as calculated using a method approved by the Department of Treasury.
- Accomplishing a combination of the above purposes.¹

1. Revised School Code, 1976 PA 451, section 1351a.

Passage of such a law would effectively allow schools to increase their operating tax revenue, by using “sinking fund” revenue to cover repair, maintenance, refurbishing, “technology,” and furnishing costs that would normally be paid out of operating funds. This would encourage more school districts to seek voter approval of sinking funds, “and thus increase property taxes for residents approving these proposals”² and further erode the tax limitations adopted under Proposal A of 1994.

V. Summary of House Bill 5709

House Bill 5709, as introduced on February 16, 2006, would allow school districts to create a sinking fund for “the purchase of school buses or the acquisition, installation, or equipping or reequipping of school buildings for technology.” The bill includes language that prohibits a sinking fund from being used to fund software upgrades and applications; media, including CDs and disks; and training, consulting, maintenance, service contracts, software upgrades, troubleshooting, or software support. It also defines “technology” more clearly than prior legislation has, and indicates that “School Bus” means that term as defined in section 7 of the Pupil Transportation Act (1990 PA 1990).

Although this version includes some definitions that previous versions lacked, this does not change the fundamental problem: these are not long-term assets. Bond and sinking fund millages can be prudent vehicles to raise funds for capital projects—those that create long-term physical capital, such as buildings and land. However, to allow them to be used as a supplement to operations is imprudent, if not reckless. Short-lived assets like school buses and “technology” have a useful life of three to seven years—imprudent expenditures for debts repaid over ten or twenty years.³ This is exactly the reason that banks do not provide the option of financing a car or computer over a 10-year period: the collateral is gone long before the loan would be repaid.

VI. June 2002 “Sinking Fund” Report

The Michigan Chamber of Commerce commissioned our firm to complete an analysis of the likely impacts of HB 4824 in the 2001-2002 legislature. After conducting our research we issued the report “Infrastructure Investment, or Backtracking on Proposal A,” in June 2002. This report, which remains available on the Anderson Economic Group web site and the Michigan Chamber of Commerce web site, covered:

- The taxes funding Michigan K-12 Schools
- The tax limits under Proposal A, including the requirement for a 3/4 super-majority vote on legislation that would increase the amount of ad valorem property taxes that can be levied for school district operating purposes.
- School bonds, Building and Site millages, and Sinking Funds.

2. Senate Fiscal Agency analysis of HB 4825, from 2001.

3. The useful life of such expenditures can vary, but the Internal Revenue Code is a good guide. Sections 1245 and 1250 of the Code list cars, light and heavy duty general purpose trucks, qualified technology equipment, and computers and peripheral equipment as depreciable five-year property. See, e.g., *Master Tax Guide*, Chicago, Commerce Clearing House, various years; paragraph 1240.

The Internal Revenue Code tends to exaggerate the useful life of assets, as this approach increases tax collections. Many taxpayers expense immediately a good share of “technology” expenditures, noting that operating system and application software; computers and peripherals; and wiring, PDA’s, telecom equipment and accessories are often obsolete within two to three years.

- Changes in school finance since Proposal A in 1994.
- The estimated fiscal impact of expanding the allowable uses of sinking funds (as HB 4824 from 2001 and the current HB 4575 propose doing).

Given that the language in HB 4575 matches HB 4824, the conclusions from the 2002 report still hold. However, the size of the fiscal impact is likely to be greater now given increases in taxable value.

3/4 Super Majority Requirement. Under Proposal A, there is a requirement for a 3/4 super-majority vote in both chambers to pass laws that increase statutorily established school operating millage rates. These statutory tax limits were listed in a memorandum authored by deputy directors of the Budget and Treasury departments before Proposal A was passed, and distributed by the Governor shortly afterwards.

Specifically listed are sections of the school code governing the allowable school operating taxes, including those that debt, sinking fund, and building & site taxes. See the last bullet point on page three of the attached 1994 memorandum to Governor John Engler from Patrick L. Anderson, then deputy budget director; and Nick Khouri, then chief deputy treasurer.

Very soon after Proposal A passed, there were attempts to increase the limits on operating taxes through an expansion of the use of these millages. One such bill, SB 597, was passed by the legislature. Governor John Engler vetoed this bill, stating in his message “we cannot stand by and let that historic step forward be reversed piecemeal by those that preferred the old school finance system--a system that was unfair to students and taxpayers alike.” The veto was of SB 597, which would have allowed the use of sinking funds for technology purposes, as well as an increase in the allowable purposes for bond funds, but did not receive a 3/4 vote. Governor Engler’s veto message is attached.

VII. Conclusions

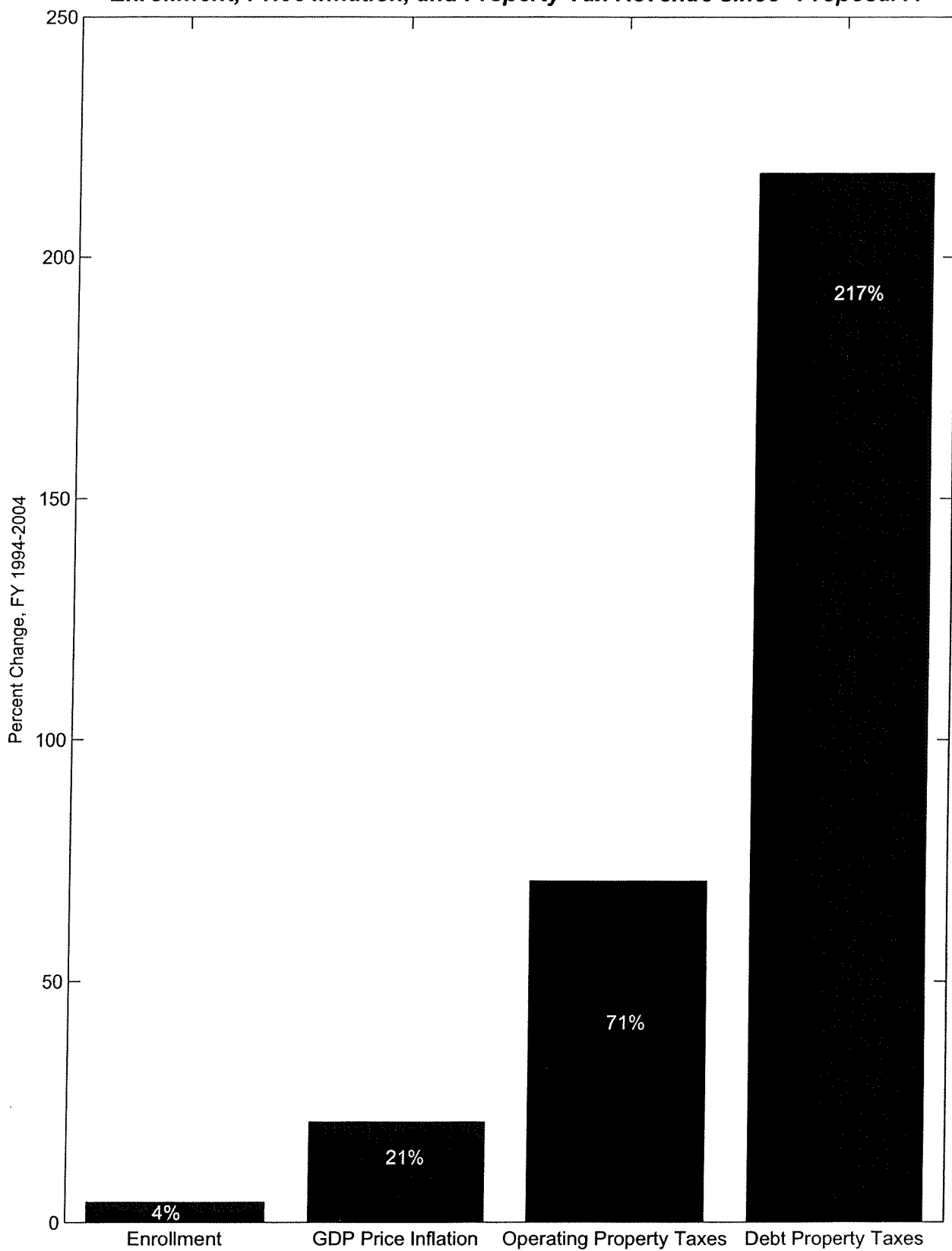
As discussed above, our analysis has found:

1. As illustrated by the 217% increase in property tax revenue for school capital projects between 1994 and 2004, school districts are not without options for generating capital revenue under current law. Most of this enormous increase in school capital funding occurred during a period during which operating funds were also increasing rapidly, and enrollment was growing slowly.
2. House Bills 4575 and 5709 will result in a \$5.4 billion property tax increase over the next ten years. This estimate is from our June 2002 analysis of a similar bill that aimed to greatly expand the allowable uses of sinking funds.
In this 2002 analysis we used a conservative assumption (that the equivalent of only half the school districts eventually levying a 5-mill tax, with the gradual adoption of the property tax increase over a ten-year period), and estimated a \$3.4 billion cumulative property tax increase over the ten-year period on residential real estate, and an additional \$2.1 billion cumulative property tax increase for business property.
3. In addition to circumventing the Proposal A limits, House Bills 4575 and 5709 would also encourage fiscal irresponsibility. In particular, “sinking funds” could be

used to purchase short-lived assets, such as “technology” and school buses. Thus, long-term money would be used to finance short-term purchases. If sinking funds are used to finance short-term purchases, the funds will be depleted when long-term funding, such as for a major construction project, is required.

4. The current sinking fund bills, House Bill 4575 and 5709, both clearly increase the maximum *ad valorem* property taxes that may be levied for school operating purposes. Therefore they require under Proposal A a 3/4 affirmative vote of both the House and Senate for adoption. Note that both House and Senate rules also require this 3/4 vote.
5. Proposal A allowed voters to adopt permanent tax increases (a new state property tax, an increase in the sales tax, and a new property transfer tax), in return for expanded state funding for schools, and permanent property tax limitations.
6. The key tax limitation included in Proposal A was a super-majority requirement to change any of the statutory limitations on tax revenue raised for school operating purposes, as those statutes were on March 15, 1994. Those statutes were identified in a March 2, 1994 memorandum written at that time by Patrick Anderson and Nick Khouri, who were employed at the time as deputy budget director and deputy treasurer, respectively.
7. One of those statutory tax limits protected by Proposal A was a restriction on the use of revenue for “sinking fund” and capital expenditure purposes, and the ability to levy taxes for those purposes.
8. Before the amendment had become effective, the legislature passed SB 597 to expand the use of sinking funds. Governor Engler vetoed these bills, stating that they would circumvent the tax limits in the Constitutional amendment the voters had just adopted.
9. The intent and result of the bills vetoed in 1994, the bills considered in 2001, and the bills before the legislature today are all the same: They allow school districts to raise operating tax revenue by using property tax millage that was not intended to cover operating expenditures. In particular, both “sinking fund” and “bond” funds are intended to accumulate funds to pay for *capital* expenses such as the acquisition of property and the construction of buildings.

**Michigan Public K-12 Schools:
Enrollment, Price Inflation, and Property Tax Revenue since "Proposal A"**



Source: Anderson Economic Group, LLC

Printed September 2005

Data: Michigan Dept. of Education; Michigan State Tax Commission; U.S. Bureau of Economic Analysis



JOHN ENGLER, Governor

DEPARTMENT OF MANAGEMENT & BUDGET

P.O. BOX 30026, LANSING, MICHIGAN 48909

PATRICIA A. WOODWORTH, Director

March 2, 1994

MEMORANDUM

TO: Governor John Engler

FROM: Patrick L. Anderson
Nick Khouri

A handwritten signature, likely of Patrick L. Anderson, in dark ink.

SUBJECT: The Property Tax Limitations Protected by Proposal A

Under Proposal A, Article IX, Section 3 of the Michigan Constitution would be amended to read:

A law that increases the statutory limits in effect as of February 1, 1994 on the maximum amount of ad valorem property taxes that may be levied for school district operating purposes requires the approval of 3/4 of the members elected to and serving in the Senate and in the House of Representatives.

Given our experience with the "Headlee" amendment, enforcing this provision will be easier if these limits are identified and publicized before the date of the election. Therefore, we have researched those laws in effect on February 1, 1994 that limit the "maximum amount of ad valorem property taxes that may be levied for school district operating purposes" and identify them below. These fall into two broad categories: school millage limits (including the definitions of "operating" and exceptions to "operating"), and general property tax limits which apply to schools. A table provides a quick reference summary of these limits.

We also identify laws which do not fit this description, and address other related questions.

Quick Reference on Tax Limits Protected by Proposal "A"

The following table outlines, for quick reference, the laws in effect on February 1, 1994 which would be constitutionally protected if proposal "A" passes.

<i>Limit Applies To:</i>	<i>Limit:</i>	<i>Statute Protected:</i>
School Districts	6 mills on all property not exempt.	State Education Tax Act, Sec. 3.
School Districts	18 mills on all property, except homesteads.	School Code, Sec. 1211(1).
School Districts (1994-1996) Intermediate School Districts (1997 and after)	Enhancement mills limited to 3.	School Code, Sec. 1211c, 705.
Qualifying School Districts (Those spending above \$6,500 per pupil in FY 94-95)	Mills necessary to "hold harmless" total spending in successive year; limited to qualified districts; limited to number of mills necessary in 1994; certified for each district by Department of Treasury.	School Code, Sec. 1211(3), 1211a.
School Districts	Prohibited from levying "allocated" mills.	School Code, Sec. 1211(7); Property Tax Limitation Act.
School Districts	Definition of "operating purposes;" Exceptions to "operating purposes" (Building and Site sinking fund, operating deficit, community college, libraries)	School Code, Sec. 260, 1211(8), 1212, 1351a, 1356(4), 1451; Act 261 of 1913 (Libraries).
Intermediate School Districts	For operation, special education, and vocational-technical education purposes, those mills allocated or levied in 1993 for each purpose.	School Code, Sec. 624a, 681a, 1727a.
Local Units of Government	Definition of "homestead," exemptions from property tax.	School Code, Sec. 1211(8); Public Utility Assessment Act.
Local Units of Government	"Truth in Taxation" notice, hearing, and separate vote requirements.	"Truth in Taxation," General Property Tax Act, Sec. 24e.
Local Units of Government	"Headlee" rollback requirements, formula for rollback, limit on number of annual elections, allowed ballot language, prohibition on "rollups."	General Property Tax Act, Sec. 34d.

All of the following mills would be subject to the supermajority vote requirement of Article IX, section 3, if Proposal A is approved by the voters on March 15.

- The State Education Tax Act would limit to 6 mills property taxes levied by the state on all property not exempt from property taxes under the Public Utility Assessment Act, PA 282 of 1905 (MCL 207.1 to 207.21). This tax would be levied on homesteads as well as other property not exempt from tax. Sec. 3 of PA 331 of 1993.
- The school code would limit school operating property taxes to 18 mills, with an exemption provided for principal residences. Sec. 1211(1) of PA 451 of 1976, as amended by PA 312 of 1993.
- The School Code would limit "enhancement" mills levied by school districts to 3 mills in 1994 through 1996, with their authorization ending thereafter. Sec. 1211c of PA 451 of 1976, as amended by PA 312 of 1994.
- The School Code would allow "enhancement" mills to be levied by an Intermediate School District, and limit the number of mills to 3, beginning in 1997. Sec. 705 of PA 451 of 1976, as amended by PA 312 of 1993.
- The School Code would limit the additional "hold harmless" millage levied by school districts which had per-pupil revenue in excess of \$6,500 in FY1994-95. Only those districts qualifying in 1994 could levy mills under this section, and only for the purposes stated. Sec. 1211(3) of PA 451 of 1976, as amended by PA 312 of 1993.
- The School Code would prohibit levying "allocated" mills under the Property Tax Limitation Act, PA 62 of 1933 (MCL 211.201 to 211.217a). Sec. 1211(7) of PA 451 of 1976, as amended by PA 312 of 1993.
- "Homestead" would be defined in the School Code, and the general exemptions to property taxes would be defined in the Public Utilities Assessment Act. These could not be changed to allow *more* property taxes to be levied by schools without a supermajority vote of the legislature. (These Acts could be changed to allow *less* property taxes to be levied; bills currently introduced to expand the definition of "homestead" for this purpose would not require a 3/4 vote.) Sec. 1211(8) of PA 451 of 1976, as amended by PA 312 of 1993; Act 282 of 1905 (MCL 207.1 to 207.21).
- The School Code's definitions of "operating" purposes and the exceptions to operating purposes could not be changed from the definitions in effect on February 1, 1994 without a supermajority vote, if such a change allowed more operating property taxes to be levied by school districts. The provisions governing the exceptions to "operating," (sinking funds for building and site acquisition and construction, taxes levied to eliminate an operating deficit, taxes levied for the operation of a community college, and pass-through revenue to libraries), could be changed without a supermajority vote, as long as the changes

did not allow operating revenue (as defined on February 1, 1994) to be raised through any of these methods.

Sec. 260, 1211(8), 1212, 1351a, 1356(4), 1451 of PA 451 of 1976, as amended by PA 312 of 1993, and Act 261 of 1913 (for libraries; MCL 397.261 to 397.262.)

- The School Code requires the state department of treasury to certify in 1994 the millage allowed to be levied by each school district, other than the "enhancement" mills uniformly subject to a 3-mill limit. Although the School Code does not require this, we recommend that the department certify at the same time the number of mills allowed to be levied by each intermediate school district under Sections 624a and 681a.

Sec. 1211a of PA 451 of 1976, as amended by PA 312 of 1993.

- The School Code would limit Intermediate School District mills to the 1993 allocation for operating mills, and the 1993 levies for vocational-technical education and special education purposes.
Sec. 624a (operating), 681a (vocational-technical education), and 1727a (special education); and Sec. 681 to 690 and 1722 to 1729 (definition of voc-ed and special-ed purposes) of PA 451 of 1976, as amended by PA 312 of 1993.

General Property Tax Limitations

In addition to specific millage limits, the constitution would also protect those laws that otherwise limited the "maximum amount of ad valorem property taxes that may be levied for school district operating purposes." These include the following:

- The "Truth in Taxation" law would require the advance notice, standard disclosure, and separate board action now required for increases in the amount of operating property taxes that could be levied by a school district. For example, eliminating the requirement for a separate vote of the school board to levy taxes in excess of the prior year, or eliminating the disclosure or public notice provisions, would require a 3/4 vote of the legislature, under the proposed constitutional amendment. Changing the exact nature of the process by which that vote is taken, however, would not require a super-majority vote unless it allowed more taxes to be collected in the absence of some action by the voters or the elected board.
Sec. 24e of the General Property Tax Act, Act 206 of 1893 (MCL 211.24e).
- The Property Tax Limitation Act provides the general implementation of Article IX, section 6 of the Constitution, which limits the total amount of property taxes levied by all units of local government. The first paragraph of Article IX section 6 specifically limits the taxes levied by school districts. Although the School Code would prohibit school districts from levying "allocated" mills under the 15-18 mill limit established by this section of the Constitution, the remainder of the Act could not be changed in any manner that would allow school districts to levy more property taxes without a supermajority vote of the legislature. Property Tax Limitation Act, Act 62 of 1933, (MCL 211.201 - 211.217a).
- The General Property Tax Act as amended by 1993 PA 145 (SB 1) would require specific wording on ballots asking for an increase in the maximum authorized

millage rate, prescribe the formula for reducing the maximum authorized millage rate when assessed valuations grow faster than the rate of inflation ("Headlee rollbacks") and prohibit increases in the maximum authorized rate without voter approval ("Headlee rollups"). Municipalities could continue to levy less than their maximum authorized rate, and subsequently increase those rates up to the maximum authorized rate without additional voter approval, subject to Truth in Taxation.

Sec. 34d of the General Property Tax Act, Act 206 of 1893 (MCL 211.34d).

Limits Not Given Constitutional Protection

There are also, of course, many property tax limits and other laws concerning property taxes that would not be given the constitutional protection of a supermajority requirement for change. These include:

- Limits on units of local governments other than school districts, including cities, townships, counties, and villages. The phrase "school district" in the constitutional amendment clearly includes intermediate school districts.
- True general obligation debt for true capital investment. Such debt must be approved by the electors under Article IX section 6 of the Constitution, and must be used for the capital purposes allowed under the School Code in effect on February 1, 1994.
- Laws establishing and limiting TIFA's, DDA's, and Enterprise Zones, as long as such laws allow for the capture of tax revenue or its reimbursement, and a change in such laws would not allow an increase in the amount of taxes levied by school districts.
- Laws providing for true special assessments by units of local government, as defined and limited by our Supreme Court in *Kadzban v City of Grandville* 442 Mich 495 (June 1993) and *Dixon Road Group v City of Novi* 426 Mich 390 (November 1986) to assessments for physical improvements providing an proportional increase in the value of the property. Changes in laws allowing for special assessments to fund operating expenditures of school districts would require a supermajority vote, as well as possibly violating other constitutional provisions.
- Laws establishing the income tax credits based on property taxes paid ("homestead" or "circuit breaker" credits).

Changes Not Increasing Maximum Tax Revenue

Article IX section 3, if approved by the voters, would be read consistently with Article IX, section 31, which states general limitations on local property taxes and property taxes in general. Article IX, section 31 states in part:

If the definition of the base of an existing tax is broadened, the maximum authorized rate of taxation on the new base in each unit of Local Government shall be reduced to yield the same estimated gross revenue as on the prior base.

This states a general principle that could be used to allow changes in the definitions of exemptions, or other changes involved in setting the limits, which would not require a supermajority vote and would comply with the Constitutional provision establishing special protection for school operating property tax limits. A change in a definition of the base of the tax, such as a change in the definition of the "homestead" exemption, could take place without a supermajority vote, if the maximum authorized rate was reduced so that the "statutory limits in effect as of February 1, 1994 on the maximum amount of ad valorem property taxes that may be levied for school district operating purposes" would not be increased.

Thus, the legislature could tighten the general law exemptions from property taxes, so long as it was treated as an expansion in the base of a tax and caused a reduction in the maximum authorized rate of taxation, and therefore the maximum property tax revenue was not increased. Of course, a change in a law that resulted in an expansion of the property tax base, but was not accompanied by a "Headlee" reduction in the rate would require a supermajority vote.

cc: Patricia Woodworth
Doug Roberts
Madhu Anderson
Lucille Taylor
Dan Pero
Carol Viventi
Mark Murray



STATE OF MICHIGAN
OFFICE OF THE GOVERNOR
LANSING

JOHN ENGLER
GOVERNOR

April 14, 1994

Michigan State Senate
State Capitol Building
Lansing, MI 48913

Dear Ladies and Gentlemen:

Today I have vetoed and am returning to you herewith, Enrolled Senate Bill 597.

The constitutional amendment adopted by the people of Michigan on March 15, 1994, limits property taxes for school operating purposes. It requires that any legislation to exceed that limit be approved by 3/4 of both the House and Senate. House Bill 597 clearly falls under this requirement and did not receive a 3/4 vote on its final passage in the House. Even though the constitutional amendment does not become effective until May 1, 1994, I made it clear in a letter to legislative leaders on March 17, 1994, that I felt we were "obligated to uphold the wishes of the citizens" on legislation enacted before May 1. This letter included a list of all the Public Acts covered by the 3/4 requirement. Section 1351a of the School Code, which Senate Bill 597 amends, is on this list. So, even if I found the content of the bill wholly acceptable, I would not sign it because it failed to get a 3/4 vote in both houses of the Legislature.

I do not, however, find the bill acceptable as a whole. For the most part, I supported the bill as it passed the Senate, permitting school districts to issue bonds to finance the furnishing of partially remodelled schools and the purchase of technological equipment for student instruction purposes.

In the House, language was added to Senate Bill 597 to allow districts to refund bonds at higher interest rates if these bonds were consolidated with a new debt issue. This is simply fiscally imprudent. In addition, the language requiring that the technology must be for hardware and for classroom instruction purposes was weakened. Lastly, the bill allows the use of sinking funds for the purchase of technology. I am not persuaded that this is an appropriate purpose for sinking funds.

Michigan State Senate
April 14, 1994
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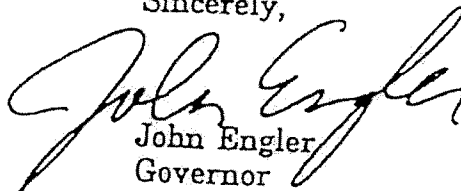
I will support an amendment to the School Code that does allow bonding for furnishing of partially remodelled schools and for technological hardware for instructional purposes as long as language is included that ensures that the bonds for technology cannot be issued for longer than the useful life of the equipment. I am also supportive of the language in section 1262 of Senate Bill 597 which allows districts to enter into an installment service contract for computers and telephones. I have instructed the Department of Treasury to prepare draft legislation which reflects these changes. It will be delivered to the four legislative leaders tomorrow.

Proposal A promised Michigan homeowners permanent property tax relief -- guaranteed in the Constitution. That promise cannot and will not be broken.

Proposal A was a tremendous victory for Michigan taxpayers. We cannot stand by and let that historic step forward be reversed piecemeal by those who preferred the old school finance system -- a system that was unfair to students and taxpayers alike. To allow such tampering would betray the trust of the citizens of our great state, and I will not stand for it.

For these reasons, I am returning Enrolled Senate Bill 597 without signature.

Sincerely,



John Engler
Governor

JE:jmc:klk
cc: Michigan House of Representatives
The Honorable Richard Austin